

Message Text

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20

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 L-02 ABF-01 NSC-05 SS-15 STR-04

CEA-01 H-02 PA-01 PRS-01 USIA-06 /087 W

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P 190905Z APR 75

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC PRIORITY 4468

C O N F I D E N T I A L WARSAW 2328

E.O. 11652: GDS

TAGS: EFIN, PL

SUBJECT: DEBT DEFERRAL AND THE 1968 ANNUITY AGREEMENT

1. SUMMARY: THE POLISH PAPER ON PL-480 DEBT RESCHEDULING, WHICH WAS TRANSMITTED IN WARSAW'S 2317, IS OBVIOUSLY AN OPENING BARGAINING POSITION FOR THE FORTHCOMING NEGOTIATIONS. THE POLES SUGGEST THAT THEY SHOULD GET BETTER FINANCING TERMS FROM US BECAUSE THEY ARE WILLING TO ABSORB ALL OF THE "COST" OF THE TRANSITION PERIOD. THEIR BREAK-OFF DATE FOR USE OF PL-480 ZLOTYS AS OF THE END OF 1975, RATHER THAN OUR SUGGESTED DATE OF JULY 1, 1975, SEEMS TO RESULT MAINLY FROM A CONCERN THAT ENOUGH ADVANCE NOTICE BE GIVEN ANNUITANTS AND SEEMS MORE APPROPRIATE TO THE EMBASSY THAN OUR SHORTER SUGGESTED TIMING. THE EMBASSY'S BEST JUDGMENT IS THAT, ON THE FINANCIAL SIDE, THE POLES WOULD PROBABLY BE WILLING TO SETTLE FOR THE RESCHEDULING OF \$20 MILLION AT 8 PERCENT WITH A 2-TO-3 YEAR GRACE PERIOD AND 4-TO-5 ADDITIONAL YEARS TO PAY. END SUMMARY.

2. WHILE THE POLISH PAPER INDICATES THAT 33.2 TO 1 WOULD BE THE HIGHEST RATE THEY COULD MAKE AVAILABLE AFTER JANUARY 1, 1978, THE DEPARTMENT SHOULD KEEP IN
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MIND THE POSSIBILITY THAT THE POLES WOULD BE WILLING

TO CONTINUE PAYING 60 TO 1 FOR ANNUITANTS ALREADY IN
THE COUNTRY BEFORE THE END OF 1975. THE POLES ARE
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THAN 60 TO 1 AND THEY COULD JUSTIFY THE ANOMA9W;)E*?FFTT;TRA\$FU:*0@N9G\$Q#(\$7VQ1W0KGN?:J4TJF4IQC/U*0@J50H\$9N 7(_F
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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